

# City of Milwaukee Group Life Insurance Proposal General City Employees

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Employee Benefits

# Reasons for Proposal

- ▶ Proposal for group life insurance (GLI) benefit changes are being made for the following reasons:
  - Provide a benefit that is **fair to employees and retirees**
  - Provide a benefit that is **more uniform, consistent with other employers**
  - City will provide a **base benefit**
  - Employees will pay for **supplemental benefit**
  - Control costs. If the City makes no changes the current City share of the GLI cost, \$3M, is expected to increase to \$4M in 2014.
- ▶ Current general city retirees over 65 will see no change in GLI benefit. The City pays 100% of the cost and will continue.
- ▶ Current general city retirees under 65, will continue to pay for their GLI.

# Active Employees: Current

- ▶ **Current Active General City Employee with \$50,000 salary**
- ▶ Now: City pays for \$30,000 base benefit
- ▶ Member required to take 100% of salary, \$50,000
- ▶ City pays for 60% of the balance of \$20,000
- ▶ Member pays for 40% of the balance of \$20,000

# Active Employee: Proposed

- ▶ **Proposed: All active General City Employees**
- ▶ City pays for \$50,000 base amount
- ▶ Member pays \$0 if does not want more GLI
- ▶ Member pays 100% cost supplemental using age banded rates
- ▶ Employees who leave the City can continue supplemental benefit, although rate may change
- ▶ Employees can purchase GLI benefit for spouse and dependent children

# Active Employees: Supplemental GLI

- ▶ **New employee** member is eligible to select supplement one time. Their one time opt in must be within six months of hire. The benefit will start six months after hire date.
- ▶ **Existing active members** will have a one time opt in during Enrollment 2013 without underwriting.
- ▶ If selecting supplemental during future enrollment, member is subject to medical underwriting and may be denied.
- ▶ An active employee can buy supplemental GLI up to 3 times their salary.
- ▶ An active employee can waive their supplemental coverage at any time.
- ▶ An active employee can reduce their supplement coverage only during open enrollment and only to the minimum amount, one times their salary.

# Active Employees: Supplemental GLI

- ▶ General City active employee age 65 or more will be treated the same as active employees above.
- ▶ General City duty disability and ordinary duty disability members will be treated the same as retirees U65.
- ▶ An active employee is eligible one-time to purchase at their expense family coverage -- \$25,000 GLI for spouse and \$10,000 GLI for child. Exceptions are made for marriage and childbirth.
- ▶ A Current active employee member, to be eligible for City paid \$10,000 policy at age 65, must have minimum supplemental at time of retirement and must maintain minimum supplemental till age 65. Minimum Supplemental is \$20,000 at retirement.

# Retiree Under 65: Current

- ▶ **Current:** Retiree U65 pays at single blended rate. Retiree required to take 100% of their salary.
- ▶ **Proposed:** Retiree U65 pays at retiree blended rate. Retiree can drop to \$20,000 GLI.

# Retiree Under 65

- ▶ **Current Rule:** If a current pre-65 retiree does not carry 100% of salary in GLI, that retiree is not eligible for City paid life insurance at age 65. If they do carry 100% while under 65, eligible for 67% salary in GLI at 65 and 50% of salary in GLI at age 70 paid by the City.
- ▶ **Proposed Rule:** current pre-65 retiree would have to carry at least \$20,000 in GLI to be eligible for \$10,000 of City paid GLI at 65.



# Retiree Under 65

- ▶ If a **future pre-65 retiree** – active employee -- does not carry minimum supplemental coverage at time of retirement while still active – 100% of salary – that pre-65 retiree is not eligible for 100% of salary at retirement pre-65 and is not eligible for City coverage at age 65.
- ▶ If an active employee without minimum supplemental wants to change to minimum supplemental prior to retirement, employee must do so at open enrollment prior to retirement, and will be subject to medical underwriting if member did not have minimum supplement prior. Member may be denied.

# Retiree Over 65

- ▶ Current: City pays 100% of cost. No Change for current retiree over 65.
- ▶ **Proposed:** City pays 100% of cost for current retiree over 65.
- ▶ **Proposed:** City provide 100% of cost for **future retirees** over 65 -- \$10,000 GLI

# Retirees over 65 (not 65 in 2013)

- ▶ Current general City pre-65 retiree: must maintain 100% of salary coverage to be eligible for post 65 City paid benefit at 67% or 50% salary (current rule).
- ▶ Proposed option for **current general City** pre-65 retiree: must maintain minimum of \$20,000 to be eligible for City paid \$10,000 GLI at age 65.
- ▶ Proposed for **future general City** pre-65 retiree must maintain minimum supplemental coverage – 100% of salary or minimum of \$20,000 till 65 to be eligible for post 65 City paid GLI of \$10,000.
- ▶ Any post 65 retiree who has maintained minimum supplemental coverage (100% of salary) while under 65, can continue supplemental beyond 65 using age banded rates.